



New Mexico Agricultural
Statistics Service

Weekly Ag Update

Issue 52-24

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INCLUDED IN THIS ISSUE

Crop Weather

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Available on internet at: www.nass.usda.gov/nm OR by e-mail: (call 1-800-530-8810 for information)

CROP SUMMARY FOR THE WEEK ENDING JUNE 9, 2002

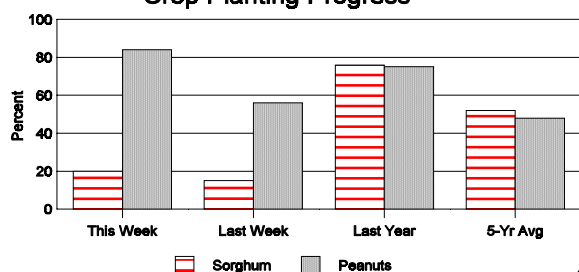
NEW MEXICO: There were 6.7 days suitable for field work. Wind damage was 20% light, 13% moderate, and 7% severe with no damage to 60% of the crops. Farmers spent the week irrigating and tending fields. Irrigated crops are doing good, but with water shortages across the state, conditions could take a change for the worse before the season is over. Irrigated sorghum was 42% planted and dryland was 6% planted. Both cotton and corn were in mostly fair to good condition with cotton squaring at 4%. Chile was in fair to excellent condition. Alfalfa was in mostly very poor to good condition, with the 1st cutting 80% complete and the 2nd 33% complete. Wheat was in mostly very poor to fair condition with 20% of the crop harvested. Onions were in mostly good to excellent condition with 30% harvested. Peanuts were reported at 84% planted, emerging in mostly fair condition. Many ranchers in New Mexico are culling off most of their herds. The drought is becoming extreme; fires continue to burn grasslands and wells become more depleted everyday. Pasture and range feed conditions were 54% very poor, 34% poor, 10% fair, and 2% good.

CROP PROGRESS PERCENTAGES WITH COMPARISONS

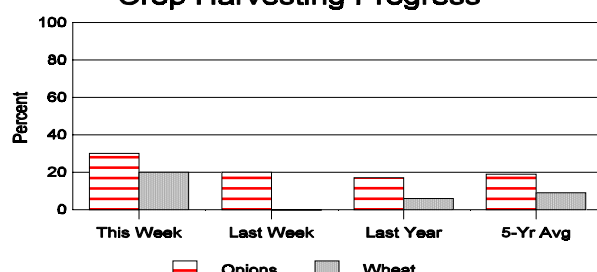
CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
PLANTED	Peanuts	84	56	75	48
	Sorghum (Total)	20	15	76	52
SQUARING	Cotton	4	2	1/	7
HARVESTED	Onions	30	20	17	19
	Wheat	20	1/	6	9

1/ Not Available

Crop Planting Progress



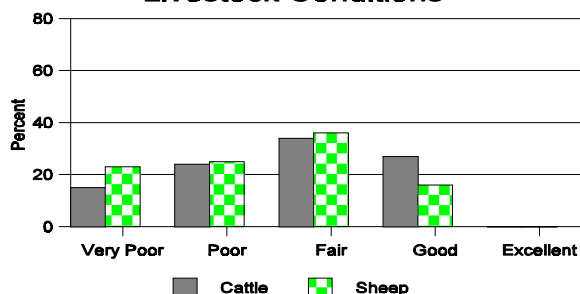
Crop Harvesting Progress



CROP AND LIVESTOCK CONDITION PERCENTAGES

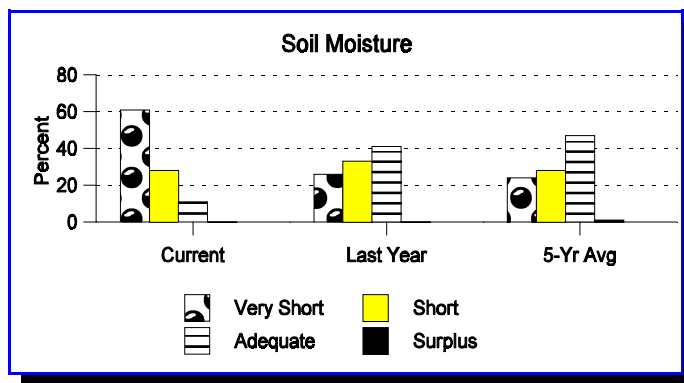
	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	12	18	46	17	7
Apples	50	40	10	--	--
Chile	--	--	30	40	30
Corn	5	5	60	23	7
Cotton	2	4	62	20	12
Irr. Sorghum	--	8	87	3	2
Onions	--	--	10	35	55
Peanuts	--	--	79	21	--
Wheat (All)	50	20	21	9	--
Cattle	15	24	34	27	--
Sheep	23	25	36	16	--

Livestock Conditions



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	70	15	15	--
Northeast	58	39	3	--
Southwest	50	50	--	--
Southeast	61	14	25	--
State	61	28	11	--
State-Last Year	26	33	41	--
State-5-Yr Avg.	24	28	47	1



WEATHER SUMMARY

It was another warm week in New Mexico with temperatures averaging about 5 degrees above normal. Afternoon readings reached 100 degrees at some of the lower elevation stations in the south and east. One storm system brought some much-needed rainfall to the northeast quarter of the state, with amounts averaging about one half an inch. Elsewhere, precipitation was spotty and very light.

NEW MEXICO WEATHER CONDITIONS JUNE 3-9, 2002

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	06/03 06/09	06/01 06/09	Normal June	01/01 06/09	Normal Jan-Jun
Carlsbad	80.4	102	61	0.12	0.00	1.30	2.66	3.95
Tatum	75.8	99	53	T	0.00	2.03	4.50	6.17
Roswell	79.7	103	57	T	0.01	1.52	3.54	4.75
Clayton	72.6	97	52	0.43	0.00	2.27	1.29	6.30
Clovis	77.4	100	59	0.00	0.00	2.84	2.07	7.01
Roy	69.6	91	47	0.24	0.00	2.08	0.95	6.06
Tucumcari	76.4	102	53	0.29	0.00	1.78	2.12	5.27
Chama	57.4	86	33	0.00	0.00	1.12	2.01	8.84
Johnson Ranch	65.5	92	36	0.04	0.00	0.68	0.92	3.77
Capulin	65.5	89	43	0.79	0.03	2.11	2.65	7.27
Las Vegas	65.4	89	39	T	0.01	1.92	0.51	5.76
Los Alamos	66.1	85	46	0.06	0.00	1.36	1.06	6.41
Raton	67.4	92	47	0.31	0.00	1.99	1.08	7.16
Santa Fe	66.1	91	38	0.12	0.03	1.17	1.45	5.26
Red River	55.0	80	34	0.48	0.00	1.40	3.62	8.92
Farmington	70.6	96	48	T	0.00	0.22	0.51	3.37
Gallup	64.4	91	37	0.00	0.00	0.45	1.05	4.19
Grants	67.7	91	41	0.00	0.00	0.55	1.61	3.03
Silver City	69.4	89	52	0.00	0.00	0.70	0.00	4.90
Quemado	64.7	88	36	0.00	0.00	0.74	0.72	4.19
Albuquerque	75.4	94	58	T	0.00	0.59	0.80	3.05
Carrizozo	71.4	95	50	0.00	0.00	0.78	1.93	3.50
Gran Quivera	68.8	91	44	0.10	0.00	1.01	0.76	4.71
Moriarty	68.8	96	43	0.00	0.00	0.92	1.55	3.99
Ruidoso	63.7	85	42	0.05	0.00	1.86	1.65	6.97
Socorro	73.5	96	50	0.00	0.00	0.57	0.63	2.50
Alamogordo	77.1	97	57	0.00	0.00	0.90	0.00	3.28
Animas	73.1	97	48	0.00	0.00	0.44	1.28	2.48
Deming	76.9	99	55	0.00	0.00	0.55	1.30	2.28
T or C	76.2	97	59	0.01	0.00	0.69	0.83	2.58
Las Cruces	77.1	101	55	0.00	0.00	0.72	1.29	2.27

(T) Trace (-) No Report (*) Corrections

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

LIVESTOCK AND DAIRY OUTLOOK
USDA, ERS, May 2002

Beef Supply Decline Hinges on Forage Recovery Great contrasts in the cattle sector have occurred in 2001 and 2002. First-half 2001 had the worst weather conditions cattlemen have faced since 1992/93, while 2002 has been one of the more favorable. Over-riding this contrast is the fact that the cattle inventory has declined since 1996, a trend almost certain to continue over the next couple of years. Beef production is going to remain large through mid-summer, but moisture-forage conditions will largely determine production levels in fourth-quarter 2002 and first-half 2003.

Beef Production in 2003 Tied To Grazing Conditions Although a number of areas remain dry, recent rains increase the likelihood of a return to near-normal grazing conditions following 4 years of relatively dry conditions in most of the major grazing areas. Hay stocks on May 1 were up 7 percent from a year earlier, largely the result of an increased 2001 harvest. However, disappearance of hay over the last 6 months were up 4 percent in spite of the relatively mild winter, reflecting the dry conditions and poor grazing in much of the country. April hay prices rose sharply from March and remained above a year earlier, reflecting the tightness in available supplies. Producers have indicated intentions to increase harvested hay acreage this year.

A return to more normal grazing will result in more heifers being retained in second-half 2002 and in 2003. However, many of the heifers that might have been bred this year have already been placed on feed. Heifer slaughter remains above year-earlier levels, although beef cow slaughter has declined from the relatively large weather-induced levels of a year earlier. Increased heifer retention, declining cattle inventories since 1996, and a 7-percent increase in first-quarter placements are expected to result in declining feedlot placements this spring and for much of the next couple of years. Feeder cattle supplies on April 1 were down nearly 1 percent from a year earlier. The key to declining placements and consequently reduced beef production beginning this fall will be continued favorable grazing prospects this spring and summer.

Large first quarter placements and record slaughter weights have pushed 2002 production levels above 2001, but still 2 percent below the 2000 record. Thus, with reduced placements over the next few quarters, fourth-quarter beef production is expected to decline about 5 percent, following year-to-year production gains of near 3 percent in the first three quarters of the year. Beef production in 2003 is expected to decline 4 to 5 percent to the lowest level since 1995, as marketings fall and commercial slaughter weights remain near this year's record. Cow slaughter, following a slight upward increase in 2001, is expected to decline below 5 million head this year and continue a modest decline in 2003 as more cows are retained for an additional calving.

Per Capita Beef Availability To Decline Declining beef production in 2003, plus a modest rise in beef exports will result in a nearly 4-pound drop in per capita consumption in 2003, the lowest in several decades. Modest increases in imported lean beef will help offset the continued decline in

lean cow beef production. Continued strong demand for higher grading beef will result in more cattle being fed into the higher grades, resulting in less lean Select beef available for the hamburger-processed beef market.

Near-Record Retail Beef Prices Likely Following the explosive weather-induced tightness in higher quality beef supplies in 2001 retail beef prices have returned to more stable levels. The shortened market in 2001 resulted in retail prices for Choice beef setting a record of \$3.48 per pound in June, followed by a slow decline to the present \$3.30 level as feeding conditions improved and beef supplies increased. Retail prices are likely to decline into the \$3.20s this summer as supplies increase and demand slows seasonally. However, if herd expansion begins later this year and 2003, retail prices will begin to rise over the next several years. After rising over 10 percent in the weather tightened first-half 2001 market, retail beef prices are likely to decline 2 to 3 percent this year. In 2003 retail prices are likely to rise 3 to 4 percent with support from declining beef supplies and continued economic expansion. But an even stronger rise in beef prices will be tempered by increased competition from pork and broilers at even lower relative prices.

Choice fed steer prices in 2002 are expected to average about \$4 a hundredweight (cwt) under 2001's \$72.71, the highest price since the weather-induced market of 1993. Prices in 2003 are expected to average in the mid-\$70s and continue strengthening in 2004 as increased female retention and declining cattle inventories further reduce supplies. Yearling feeder cattle prices have been under pressure from lower fed cattle prices and poor forage conditions forcing cattle off winter pastures. Prices are expected to strengthen into the mid-\$80s per cwt in the second half of 2002 and to average near \$90 in 2003. Utility cow prices have remained relatively strong as processing beef supplies have tightened. Prices will rise further in 2003 and are likely to approach the upper \$40s at times of tightest seasonal supplies.

Beef Trade To Increase in 2003 Beef exports are expected to increase 4-5 percent in 2003, after an expected marginal rise this year. Currently, strength in the Korean and Mexican markets is nearly offsetting the weakness in the Japanese market. Demand is expected to remain strong from these two countries at least through 2003, while demand in Japan is expected to gradually return to near-normal levels over the next 12-18 months. Korea and Mexico are expected to register substantial economic growth, while Japan struggles to recover from its long recession. However, Japanese consumers' concerns about BSE will depend on whether there are additional discoveries of BSE. Exports are expected to reach a record of nearly 10 percent of production in 2003, due to both reduced domestic production and expanding exports.

Projected record imports this year are expected to be exceeded in 2003 as U.S. cow slaughter continues to decline. Cow slaughter is expected to decline by nearly 3 percent, after an anticipated drop of nearly 15 percent this year, from the large slaughter in 2001. However, the availability of after

However, the availability of imported product to substitute for the decline in domestic cow beef will be limited. While Australia reached its tariff-rate quota (TRQ) in 2001, both Australia and New Zealand are expected to meet their TRQs in 2002 and 2003. South American fresh/frozen beef is not allowed into the United States because of restrictions related to foot and mouth disease. As a result, prices for imported 90 percent lean beef--already high by historical standards--will most likely exceed record highs of \$1.40-\$1.50 per pound, reached in the summer of 1993. While some increased imports are expected from New Zealand, most increased imports this year represent increases of fresh/chilled and frozen product from Canada (not subject to a TRQ) and heat-treated product from South America.

Net Imports of Cattle Continue To Increase Imports of live cattle are expected to increase and exports of live cattle are expected to decrease in both 2002 and 2003. Weather, cattle inventory, and beef demand continue as the dominating influences in North American cattle markets (Canada, United States, and Mexico). Dryness and related high prices for feed grains in Canada are expected to continue inducing movement of both feeder and slaughter cattle south. Canada had been somewhat ahead of the United States in herd rebuilding last year before it began liquidating, and appears to have a relatively large supply of animals from which to draw, at least through the first part of this year. The tightness of feed supplies has reduced Canadian demand for feeder cattle from the United States. Regardless of whether these conditions persist into the second half of 2002 and next year, sharply reduced supplies of beef and feeder cattle in the United States are expected to reduce cattle exports to Canada and to place more demand on available cattle supplies in Canada.

The combination of dry weather and financial stress among Mexican cattle producers that have encouraged shipment of increased numbers of feeder cattle north for the past 2 years is expected to continue into this year. Imports of feeder cattle from Mexico have weakened in recent weeks as a result of improved pasture conditions in some parts of Mexico and lower feeder cattle prices in the United States. However, feeder cattle prices are expected to turn higher for the rest of this year, and higher still next year. These higher prices are likely to induce more cattle imports from Mexico this year and next.

Milk Production To Increase Growth in milk production is expected to slow a bit in 2003, as the effects of lower returns in 2002 and 2003 start to take hold. Even so, milk output is projected to rise 1-2 percent in 2003, following an increase of almost 3 percent in 2002. This extra production is expected to hold farm milk prices near 2002's reduced levels, even if dairy demand is able to shake off its current sluggishness. Returns over concentrate costs are projected to drop almost a fifth in 2002 and are not expected to recover in 2003. Although pent-up expansion pressures are expected to sharply limit the effects of the lower returns in 2002, decreases in milk cow numbers are likely to sharpen in 2003. Milk cow numbers in 2003 are projected to decline almost 1 percent. Although milk-feed price ratios will also be much lower in 2002 and 2003, the ratios likely will be sufficient to encourage boosts in concentrate feeding and good gains in milk per cow. Milk per cow in 2003 is expected to rise more than 2 percent, following a 3-percent gain in 2002. If so, milk per cow by 2003 would be fairly well back on the long-run trend.

Strength in the general economy is expected to boost dairy demand in 2003—but dairy demand is not expected to recover fully from this year's weakness. Ingredient use of both milkfat and skim solids apparently has slipped this year, and an extended period of good general demand may be needed for recovery in dairy solids use in processed foods. Cheese demand in 2003 is expected to pick up, but growth is not projected to be as brisk as in recent years. Similarly, butter demand is expected to be better than in 2002 but not as good as in 1998-2001.

The newly enacted farm legislation authorizes extension of the support purchase program through 2007, with the support price remaining at \$9.90 per cwt. In 2003, growth in commercial use of skim solids is expected to reduce net removals but powder purchases are projected to stay sizable. On the other hand, removals of milkfat might increase slightly if weaker domestic butter markets result in the resumption of Dairy Export Incentive Program shipments of butter.

Average milk prices are projected to be about unchanged in 2003, following 2002's drop of \$2.25 per cwt. Milk prices in 2001 averaged \$15.05 per cwt, up \$2.65 from 2000 and only \$0.41 below the 1998 record.